

ANNUAL REPORT 2024

| KUNTIEN TAKAUSKESKUS | KOMMUNERNAS GARANTICENTRAL | MUNICIPAL GUARANTEE BOARD |





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MANAGING DIRECTOR'S REVIEW

It is justified to examine the outlook of the Municipal Guarantee Board (MGB) as part of its long development cycle. This approach is guided by the procedure adopted in 2001, in which the MGB Council provides an interpretation of the objectives stated in the Act on the Municipal Guarantee Board.

In MGB's first strategy in 2001, the safeguarding and development tasks were separated, and own objectives were set for them.

With regard to the safeguarding task, it was considered that the credit institution intermediary of the funds guaranteed by MGB should be controlled by the municipalities, be solvent, financially sound and sufficiently large and diverse in the international capital and financial markets.

The development task, in turn, was deemed to require that municipal entities be offered financial products – either within or outside the scope of guarantee activities – in an equal, comprehensive, representative, and competitive manner. The pricing should take into account the good creditworthiness of municipalities, so that the portfolio consisting of guarantees granted by MGB and the collateral received also remains balanced.

During the first 25 years of operation, the Municipal Guarantee Board's safeguarding task focused on securing the solvency and operational capacity of Municipality Finance Plc (MuniFin), particularly after the financial crisis of 2008. MGB participated in the formation of the credit institution's own funds through a policy that directed part of the support provided by MGB to the accumulation of sufficient own funds of the credit institution.

The objective set in the first strategy can be considered to have been achieved regarding the safeguarding task by 2021. MuniFin is now under the control of municipalities, financially sound, solvent and large enough to meet the needs of international operations.

In line with the 2001 strategy, the long-term outlook for the future is the provision of diverse financial products for municipal entities and social housing construction, either within or outside the scope of the guarantee activities. External offering refers to funding activities carried out by various credit institutions that are not based on funding guaranteed by MGB but correspond to the good creditworthiness of municipalities.

In the future, MGB must justify its guarantee activities for its member municipalities particularly from the point of view of the added value it creates. Development paths have been entered in the Municipal Guarantee Board's stakeholder targets for 2023–2027. These goals include, among other things, the expansion of the Municipal Guarantee Board's operations to credit institutions that are not under the control of municipalities. The diversification of operations to different credit institutions would enable MGB to use the most suitable credit institution for each situation.

The next 25-year development cycle plays an important role in the strategy approved by the MGB Council.

"The tasks of municipalities' joint funding system include creating financial benefits based on municipalities' operations with joint responsibility, connecting the benefit with diverse funding and financing products and forwarding it to borrowers in accordance with the requirements of the Act on the Municipal Guarantee Board".

HEIKKI NIEMELÄINEN
Managing Director

TWO WOMEN AND A BICYCLE, photographer William Lomax



REPORT OF ACTIVITIES 2024

The purpose of the Municipal Guarantee Board (MGB) is to safeguard and develop the joint funding of Finnish municipalities. To fulfil its purpose, MGB may grant guarantees in line with sound and cautious business principles, against sufficient collateral, under the terms and conditions stipulated in the Act on the Municipal Guarantee Board.

During the operating year, MGB carried out its basic task by granting guarantees and maintaining a guarantee stock, which amounted to almost EUR 48.2 billion by the end of 2024. The task also includes funding for social housing construction and wellbeing services counties.

The regulation concerning MGB and the objectives and restrictions deemed necessary by MGB are discussed in the framework agreement between the Municipal Guarantee Board and Municipality Finance Plc.

Last year, sustainable development objectives related to the European Climate Law and Finnish Climate Act were added to the framework agreement. The credit institution's commitment to appoint the Municipal Guarantee Board as a stakeholder in reporting related to sustainability regulation was also added to the framework agreement. This is related to the Corporate Sustainability Reporting Directive (CSRD) and the national legislation implementing it.

A section was also added to the framework agreement which enables MGB to assess the impact of the guarantee granted by MGB on the cost of funding municipalities and social housing construction.

At its autumn meeting, the MGB Council supplemented the strategy with additions which correspond to the amendments to the framework agreement. With these additions, the strategic steering of MGB is based on the terms and conditions and pricing of guarantee decisions as well as on the allocation and monitoring of the amount of public support.

MGB changed its Standing Orders by updating the Managing Director qualification requirements dating from 1996. The new requirements emphasise competence in public administration and operations, sufficient knowledge of European law or financing as well as communication and interaction skills.

During the past year, MGB also paid attention to the enforceability of collateral pledged to it. MGB issued an interpretation concerning the framework agreement according to which a credit institution must autonomously and independently of municipalities carry out a review on the State aid law of guarantees granted by municipalities. This is important, as the Municipal Guarantee Board may only grant guarantees against sufficient collateral. The collateral provided must be enforceable and transferable in all jurisdictions.

In addition, MGB renewed its stand-by credit facility arrangements and its investment strategy.



Photo John Englund



Photo Atelier Commerce



MGB earmarked EUR 900 million for the wellbeing services counties' liquidity needs for 2024. The transferred limits amounted to EUR 1.145 billion, so the amount earmarked for liquidity needs is a maximum of EUR 2.045 billion. MGB reserved EUR 400 million for new investments. In the 2025 budget, the figures will remain unchanged.

MGB has excellent prerequisites for successfully ensuring the safeguarding of joint municipal funding in the future. At the same time, MGB must pay attention to the growth of the guarantee stock in a situation where municipalities' tax revenues have decreased as the responsibility for organising social and health services has been transferred to wellbeing services counties.

Experts and partners from different fields have played a key role in developing and adapting the operations of MGB to the constantly changing regulatory framework and operating environment. MGB sends its thanks to everyone who has participated in this work and hopes that they will continue to take interest in facing the complex but intriguing challenges of guarantee and funding activities.

LEGISLATION ON THE MUNICIPAL GUARANTEE BOARD



Photo Arthur Eder

The Municipal Guarantee Board (MGB) is a public law body established by the MGB Act (487/1996). Its purpose is to safeguard and develop the joint funding of municipalities.

In order to fulfil its purpose, MGB can grant guarantees for such funding of credit institutions owned or governed by municipalities which will be used for the purposes mentioned in the MGB Act, at preferential terms, in accordance with European Union State aid rules. There is only one credit institution which fulfils the requirements of the MGB Act, Municipality Finance Plc (MuniFin).

The European Commission was notified of the MGB Act in 2004. The notification stated the limits of MGB's operations and its adherence to the State aid rules. As per the decision of the Commission, the state aid given by MGB is allowed provided that the aid reaches the target and intended recipient stated in the MGB Act through a credit institution.

The MGB Act has been amended several times throughout its history. The amendment which became effective at the beginning of 2007 enabled the temporary use of the fund for arrangements preventing the creation of MGB's imminent liability to pay. At the same time, the relationship between guarantee operations and EU State aid rules was clarified, as was the receivables for which guarantees granted by MGB could be used as security (3.11.2006/944).

The guidelines signed by the Ministry of Finance were replaced by new Standing orders, and the regulations concerning the purpose of the funding included in the previous guidelines were transferred to the MGB Act as part of legislation.

The MGB Act provides that MGB follows sound and cautious business principles in its guarantee operations. Guarantees may be granted only against sufficient securities. The securities consist of loans pledged to MGB by a credit institution, with possible guarantees granted by municipalities and well-being services counties as credit protection.

In 2017, the MGB Act was amended so that a security given to a guarantee by MGB could also be given as a covenant without a separate counter-security (2.11.2017/722). This does not, however, change the basic principle that a security should be formed primarily of securities based on receivables. Covenants can be used to the extent it is justifiable for the purpose of the operations.

LEGISLATION ON THE MUNICIPAL GUARANTEE BOARD



RECENT AMENDMENTS TO THE ACT ON THE MUNICIPAL GUARANTEE BOARD

When writing the laws concerning the wellbeing services counties, two amendments were made to the MGB Act involving the funding of the wellbeing services counties.

New Section 1 b was added to the MGB Act, which made it possible to keep the loans transferred from joint municipal authorities to the wellbeing services counties within a scope of the funding received through an MGB guarantee (29.6.2021/636).

In addition to this, the MGB Act was amended so that, as stated in Section 1 a, MGB may grant guarantees for funding used to finance wellbeing services counties and joint county authorities and the entities they control (29.4.2022/298). Because the wellbeing services counties are not member organisations of MGB, the member municipalities of MGB will be responsible also for the funding carried out with the MGB guarantees directed at the wellbeing services counties. During a parliamentary hearing, the Constitutional Law Committee gave a statement saying that the amendment does not contradict the autonomy of municipalities based on the Constitution nor the EU State aid rules.

The amendment does not obligate MGB to direct funding to the wellbeing services counties but only makes it possible. The government is responsible for the funding of the wellbeing services counties, while MGB only serves in a complementary capacity.

Within MGB, the MGB Council makes the decisions on the funding of the wellbeing services counties. The basic criteria are the need for and necessity of funding. In addition, the funding may not endanger the realisation of the core task of MGB: to safeguard and develop the joint funding of municipalities with cautious business practices, in the best interest of the municipalities.

For 2024, MGB has allocated 900 million Euro for the liquidity funding of the wellbeing services counties and 400 million Euro for investments. At the end of the financial year, the amount of funding guaranteed by MGB and available to the wellbeing services counties amounted to 3,915,678,840.97 Euro.

LEGISLATION ON THE MUNICIPAL GUARANTEE BOARD

SUSTAINABLE DEVELOPMENT AND RESPONSIBILITY

The MGB system is a public support system that aims to transfer the benefits of a guarantee – based on the tax base of the member municipalities – to municipal residents in the form of more affordable funding. This is implemented in compliance with the European Union's State aid rules, while at the same time promoting the Union's climate goals.

The role of MGB as an authority requires that it supports the achievement of the EU's climate goals in accordance with Article 4.3 of the TEU and takes into account the obligations imposed by the Finnish Climate Act (423/2022). In addition, pursuant to Sections 1 and 8 of the Act on the Municipal Guarantee Board, MGB must consider the principles of sustainable development in its operations.

The promotion of climate goals within the MGB system is particularly based on the structuring and allocation of public support embedded in the guarantee. From the perspective of EU State aid regulation, the MGB's role is to ensure that public support is allocated correctly and efficiently.

From the viewpoint of climate regulation, it is essential for MGB to ensure that the credit institution issuing the credit properly assesses the sustainability risks and adverse sustainability impacts of funding operations, as well as the measures and plans related to their management.

To advance this objective, in 2024, the framework agreement between the Municipal Guarantee Board and Municipality Finance Plc was amended to include an obligation for the credit institution to consider the sustainability risks and impacts of its operations, as well as contribute to achieving the objectives of the European Climate Law (EU) 2021/1119.

The framework agreement also ensured that the credit institution commits to complying with the sustainability reporting requirements set out in Directive (EU) 2022/2464 (CSRD) and implemented in national law. This requires taking into account the principle of double materiality and consulting stakeholders when defining key sustainability themes. In accordance with the framework agreement, the credit institution treats the Municipal Guarantee Board as a stakeholder within the meaning of CSRD reporting and consults it when preparing the report.

MGB has emphasised the significance of the support and added value it provides as part of the value chain of the joint funding system of municipalities. This value chain includes the Municipal Guarantee Board and its member entities, the credit institution and its owners, investors and customers as well as supervisory authorities, municipal operators, and other partners.

To assess the added value, an obligation was added to the framework agreement requiring the credit institution to report annually the amount of benefits generated through the guarantee. This reporting enables the support measure to be evaluated not only qualitatively but also based on measurable criteria, thereby supporting MGB's ability to guide and develop its operations in accordance with its mandate.

In 2024, MGB also developed an assessment procedure to systematically monitor and evaluate the credit institution's management of sustainability risks and the implementation of its sustainability work. The assessment is based on the credit institution's sustainability reporting, and it is conducted annually.

Sustainable development goals were integrated into MGB's strategy in 2024, ensuring that the principles guiding sustainability are consistently embedded in MGB's legislative framework and operations.

As part of its sustainability work, MGB regularly reviews the sustainability of its investment operations. In addition, MGB surveyed the views of its stakeholders on the operations of the Municipal Guarantee Board during the year.

CYCLIST ON TEHTAANKATU IN HELSINKI, 1896



ADMINISTRATION AND PERSONNEL

MGB has a Council of 15 members, each of whom has a personal deputy. The Council of MGB, appointed by the Ministry of Finance, appoints the Board of Directors, determines the key objectives of the Guarantee Board's operations and finances, approves the annual accounts, and annually discharges the Board members and the Managing Director from liability for the financial year.

The incumbent Council began its four-year term on 1.1.2022. At its first meeting, the Council elected **Terhi Peltokorpi** from Helsinki as Chair and **Elin Härmälä** from Pedersöre and **Jari Koskinen** from Hämeenlinna as Deputy Chair.

MGB has a Board of Directors of 7 members. The Board is responsible for MGB's administration, the granting of guarantees and the preparation and execution of the decisions of the Council. The Board of Directors represents MGB.

The members of the Board of Directors of MGB are **Tapani Hellstén** from Hämeenlinna, **Antti Häkkänen** from Mäntyharju, **Kai Järvikare** from Helsinki, **Mervi Simoska** from Juva, **Jaakko Stenhäll** from Tampere, **Marita Toikka** from Kouvola and **Päivi Yli-Kauhaluoma-Nurmi** from Pori. Tapani Hellstén acts as the Chair of the Board of Directors and Antti Häkkänen as the Vice Chair.

The Managing Director of MGB is **Heikki Niemeläinen**, Deputy Managing Director is **Tuukka Salminen** and Head Adviser is **Johanna Hietalahti**.



AUDITING AND SUPERVISION



Photo Eric Sundström

The Council elects an audit firm to audit the accounts and administration for the years corresponding to its term of office. The primary auditor must be a certified auditor authorised by Finland's Chamber of Commerce or a qualified public administration and finance auditor. In 2024, KPMG Oy Ab acted as the audit firm of MGB, the term of which will continue until the end of 2025.

The activities of the MGB are supervised by the Guarantee Board Auditor, who is appointed by the Ministry of Finance on the proposal of the Board of Directors of MGB. In 2022–2025, the task will be carried out by an audit firm called DHS Oy Audit Partners.



RISK MANAGEMENT

RISKS IN GUARANTEE OPERATIONS

Under the MGB Act, MGB may grant guarantees against sufficient collateral. In accordance with Section 8 of the parliament's amendment to the MGB Act on 2 November 2017, a collateral may also be granted as a covenant without any separate counter collateral. Grounds for the application of covenants are based on the realisation of the intended purpose of the MGB Act. The application of covenants has been agreed in the framework agreement between MuniFin and MGB.

The level of security during the year under review was sufficient. Guarantee activities are mostly arranged in such a way that the MGB's Board of Directors grants guarantees for funding programmes, the most important of which is the EMTN programme. Within the programmes, the MGB's Managing Director, Managing Director's substitute or Head Adviser decides on guarantees for individual debt issues. In 2024, the Municipal Guarantee Board guaranteed 8.9 billion Euro of the new long-term funding of MuniFin. Of the guarantees granted by MGB to MuniFin's funding, EUR 48,167,424,048.00 was in use at the end of 2024.

Under the Act on the Municipal Guarantee Board, guarantees granted as security for the credit institution's receivables may, at the time of granting the guarantee, amount to a maximum of four per cent of the total amount of the MGB's guarantee liabilities. The total amount of these guarantee liabilities on 31 December 2024 was 21,123,532 Euro. Therefore, the total amount of the Municipal Guarantee Board's guarantee liabilities was 48,188,547,580.00 Euro.

On 31 December 2024, the guarantee liabilities were divided among the following currencies: EUR 52%, USD 25%, GBP 11%, NOK 7% and other currencies 5%. The collateral received by MGB is denominated in euros and the obligations in different currencies. The currency position formed is closed by the Municipality Finance's hedging operations.

OPERATIONAL RISKS

MGB has a continuity plan, preparing for exceptional situations so that MGB is able to continue its operations and restrict damage in diverse disturbance situations.

Operative risks have been mitigated by preparing guidelines, outsourcing activities, developing information systems, and by nominating deputies. During the year, the financial management of investments was also expanded to another key operator. The Act on Information Management in Public Administration (TihL 906/2019) determines the management and secure processing of data and information. A description of the implementation of the public document has been published on the website of the Municipal Guarantee Board.

RISK MANAGEMENT

RISKS RELATED TO INVESTMENT OPERATIONS

MGB's liquidity is ensured through funds and sufficient stand-by credit facilities. According to the Act on the Municipal Guarantee Board, when investing, attention shall be paid to the safety, returns and liquidity of investments. Since 2003, MGB has promoted the accumulation of the guaranteed credit institution's funds in its guarantee commission pricing. After the own funds of Municipality Finance reached a sufficient level, the MGB Council decided on 18 November 2022 on a strategy amendment, according to which increasing the fund is based on its precedence as the MGB's liquidity tool. In connection with the strategy amendment, MGB changed its guarantee commission pricing in such a way that the amount of funds transfer carried out in connection with the financial statements was increased from about EUR one million to about EUR ten million.

MGB follows, as decided by its Board of Directors, the fund's directive which includes procedures to implement sustainability and the investment strategy. The investments consist of actively traded fixed income, equity and fund investments, for which daily market listings are available. Investments are measured at fair value in terms of their impact on profit.

In its investments, MGB favours companies and funds that take sustainability aspects into account. The methods used include norm-based review and exclusions. MGB avoids investing in companies that do not comply with good governance or international human rights and labour conventions.

The management and the Board of Directors of MGB monitor the sustainability characteristics of the fund's investments through regular reporting provided by the entities and promote the development of sustainability practices in discussions with partners. Sustainability targets may have an impact on the size of the return on investment activities.

No cash flow requirements are targeted at the fund or any profits thereof in the usual activities of MGB. The long-term role of the fund supports striving for longer-term inflation hedging. The size of value fluctuations is attempted to be restricted by means of diversification and by maintaining a modest allocation in equities. In practice, the allocation on equities essentially determines the value fluctuation of the portfolio. MGB strives for a real rate of return of two per cent for the fund's investments in the long term.

In accordance with the strategy, MGB allocates 50% of its investments to fixed income investments and 50% to equity-linked investments. The range is +/- 10 percentage points. The assets are investments either in direct debt instruments and shares or by using equity or bond funds. Direct fixed income investments are primarily made on benchmark bonds with good rating (investment grade, Moody's Baa3/S&P BBB). Investment funds can use derivatives within the framework of their rules. A maximum of 10% of the investment assets may be alternative investments.

On the balance sheet date, the weight of equity-linked investments was 52.6% and the weight of interest-linked investments 47.4%. There were no alternative investments.

FINANCES

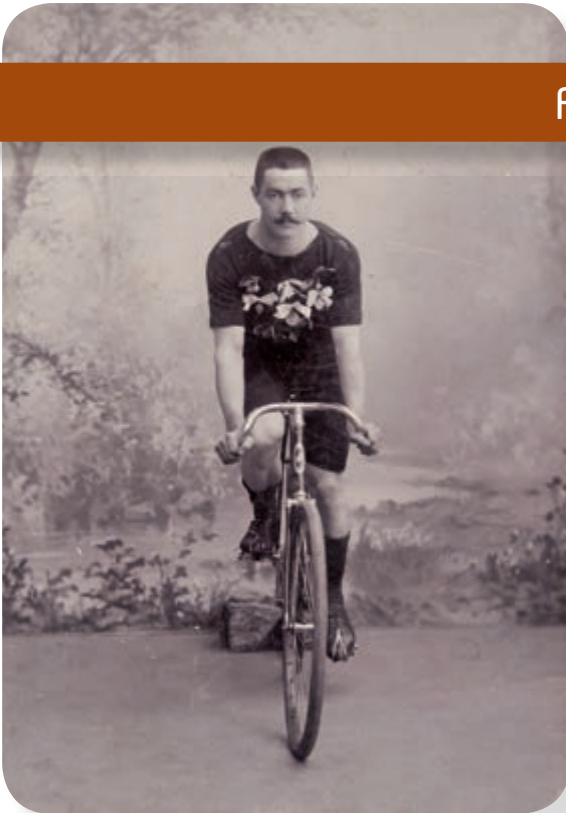


Photo Jakob Ljungqvist

The Municipal Guarantee Board's operating income from guarantee fees amounted to EUR 14,406,503.51. The total operating expenses of MGB were EUR 3,166,801.45, divided into personnel expenses of EUR 868,144.59, depreciation of EUR 53,390.82, and other expenses of EUR 2,245,266.04. Among other expenses, a significant cost item was credit rating expenses, the pricing of which is partly linked to the volume of funding raised by Municipality Finance Plc. Another notable cost item was the loan reservation fee, the cost of which was increased by a one-time expense resulting from the renewal of the arrangement and a higher price. The result of the core operations was EUR 11,249,253.94.

Throughout its entire operational history, MGB has never received a claim for a guarantee compensation payment. Given the nature of its operations, it is likely that MGB will not be required to pay guarantee compensation in the future either.

Return on investment activities consists of interest and dividend income and capital gains. Sales losses are primarily recognised in expenses. MGB values its investments at fair value in terms of their impact on profit. The change in value from the previous financial statements was EUR 3,306,666.05. The investment environment was particularly affected by a decline in inflation and, as a result, the monetary policy decisions of central banks.

The yield of invested capital was 11.2%, particularly driven by investments in the US equity market. The carbon risk of investments was lower than the benchmark index.

Result before appropriations was EUR 15,146,115.42. Transfers into the fund and the fair value reserve are treated as appropriations. A sum of EUR 11,839,449.37 is proposed for fund transfer, comprising the result from ordinary operations and the result from investment activities prior to unrealised fair value changes. Thus, the total value of the fund on 31.12.2024 is EUR 44,339,358.84.

The transfer of EUR 3,306,666.05 into the fair value reserve corresponds with the fair value change of investments on the balance sheet. The fair value reserve was EUR 7,348,944.36 at the end of 2024. MGB's equity on 31 December 2024 totals EUR 51,688,303.20. The result for the financial year after the transfer is zero.

MGB's liquidity comprises the fund and liquidity arrangements. MGB renewed the agreement with the Nordic Investment Bank (NIB) which safeguards its cash position up to EUR 200 million.

OUTLOOK

In 2025, the Municipal Guarantee Board will continue to promote its stakeholder targets set for 2023–2027. These targets are related to the monitoring, supervision and possible recovery of the amount and allocation of support in guarantees granted by MGB.

The framework agreement has created the necessary conditions for calculating the amount of support and monitoring its allocation. National legislation on the recovery of support is expected to be completed during 2025. MGB must include the procedures which, if necessary, ensure the implementation of recovery in accordance with the new Act in the framework agreement.

The future outlook for the municipal guarantee scheme is favourable. With guarantees, it continues to be possible to create added value for different stakeholders while supporting sustainable development. MGB's guarantee portfolio, which has grown to approximately EUR 50 billion, emphasises the importance and priority of development work through legislation.

In its activities, the Municipal Guarantee Board often relies on external experts. Over the years, the sphere of experts has become fixed. During the year, new experts have also joined the operations, which has strengthened competence. MGB can face future challenges with confidence.



INCOME STATEMENT

EUR	1.1.-31.12.2024	1.1.-31.12.2023
ORDINARY OPERATIONS		
Income		
Guarantee premiums and other income	14 416 055,39	13 426 835,29
Expenses		
(1) Staff expenses	-868 144,59	-911 004,01
Depreciation and impairments	-53 390,82	0,00
Other expenses	-2 245 266,04	-2 046 283,73
Result from ordinary operations	11 249 253,94	10 469 547,55
INVESTMENT ACTIVITIES		
Income	600 621,34	448 110,84
Expenses	-10 425,91	-136 977,12
Result from investment activities prior to unrealised fair value changes	590 195,43	311 133,72
Unrealised fair value changes	3 306 666,05	1 604 350,18
Result from investment activities	3 896 861,48	1 915 483,90
Result before appropriations	15 146 115,42	12 385 031,45
APPRORIATIONS		
Transfer to fund	-11 839 449,37	-10 780 681,27
Transfer to the fair value reserve	-3 306 666,05	-1 604 350,18
Result for the financial year	0,00	0,00

BALANCE SHEET

EUR	31.12.2024	31.12.2023
ASSETS		
Non-current assets		
(2) Tangible and intangible assets	394 224,42	239 705,18
(3) Other shares and similar rights of ownership	2 871 294,27	2 871 294,27
Investments		
Other investments		
Shares and similar rights of ownership	29 056 763,61	15 164 465,88
Certificates of deposits and savings	254 503,58	534 731,65
Debt securities	15 271 888,00	13 924 010,00
Total investments	44 583 155,19	29 623 207,53
Current assets		
Receivables		
Invoiced receivables	3 612 556,80	3 450 566,76
Other receivables	0,00	40 529,90
Accrued income	341 198,25	87 104,32
Cash and bank accounts	87 404,71	404 325,78
Total assets	51 889 833,64	36 716 733,74
EQUITY AND LIABILITIES		
(4) Equity		
Fund	44 339 358,84	32 499 909,47
Fair value reserve	7 348 944,361	4 042 278,31
Total equity	51 688 303,20	36 542 187,78
Liabilities		
Current liabilities		
Trade creditors	44 730,30	56 882,52
Other liabilities	30 988,16	38 008,72
Accruals and deferred income	125 811,98	79 654,72
Total equity and liabilities	51 889 833,64	36 716 733,74

CASH FLOW STATEMENT



EUR	1.1.-31.12.2024	1.1.-31.12.2023
CASH FLOW FROM ORDINARY OPERATIONS		
Operating income	14 254 065,35	10 851 268,53
Operating costs	-3 281 363,08	-2 928 245,40
Cash flow from ordinary operations	10 972 702,27	7 923 023,13
Cash flow from non-current assets	-207 910,06	-81 894,08
Cash flow from investments	-11 081 713,28	-8 750 000,00
Change in cash funds	-316 921,07	-908 870,95
Cash funds at the beginning of financial period	404 325,78	1 313 196,73
Cash funds at the end of financial period	87 404,71	404 325,78

NOTES TO THE FINANCIAL STATEMENTS

The Municipal Guarantee Board (MGB) complies, where applicable, with the current Accounting Act and Accounting Decree.

MGB's investments consist of interest-bearing securities, equities, and fund investments that are actively traded and have a daily market quotation. Investments are measured at fair value through profit or loss. Unrealized differences between the book value and fair value of the investments are recorded in equity under the fair value reserve.

The FIFO principle is applied in investment activities.

Fixed assets are valued at acquisition cost. Depreciation on tangible fixed assets is recognized on a straight-line basis over five years.

MGB has a liquidity agreement with the Nordic Investment Bank (NIB) for an amount of up to EUR 200,000,000.



NOTES

EUR

(1) STAFF EXPENSES

1.1.-31.12.2024	Salaries and fees	Pension expenses	Other personnel-related expenses
Board of Directors	144 943,37	8 439,76	2 441,72
Managing Director and Deputy MD	384 419,83	64 601,15	6 475,94
Others	235 650,71	40 060,62	3 969,77
Total	765 013,91	113 101,53	12 887,42

NON-CURRENT ASSETS

	2024	2023
(2) Tangible assets		
Acquisition cost 1.1.	239 705,18	157 811,10
Disposals	0,00	0,00
Increase	207 910,06	81 894,09
Acquisition cost 31.12.	447 615,24	239 705,19
Accrued depreciation 1.1.	0,00	0,00
Accrued depreciation on disposals	0,00	0,00
Depreciation during the financial year	-53 390,82	0,00
Accrued depreciation 31.12.	-53 390,82	0,00
Book value 31.12.	394 224,42	239 705,19
(3) Other shares and similar rights of ownership	2024	2023
Golf shares	1,00	1,00
Koy Yrjönkatu 11	1 581 228,92	1 581 228,92
As Oy Helsingin Eino Leinon katu 7	45 720,00	45 720,00
Koy Tahko Twinhills 212/5	522 757,00	522 757,00
As Oy Topeliuksenkatu 15	721 587,35	721 587,35
Total	2 871 294,27	2 871 294,27

NOTES

EUR	2024	2023
(4) CHANGES IN EQUITY		
Fund 1.1.	32 499 909,47	21 719 228,20
Fund transfer 31.12.	11 839 449,37	10 780 681,27
Fund 31.12.	44 339 358,84	32 499 909,47
Fair value reserve 1.1.	4 042 278,31	2 437 928,13
Change in financial year	3 306 666,05	1 604 350,18
Fair value reserve 31.12.	7 348 944,36	4 042 278,31
GUARANTEES AND COLLATERAL		
	31.12.2024	31.12.2023
Guarantee limits granted	67 692 463 629,86	62 729 785 402,45
Guarantees in use	48 167 424 048,00	45 905 892 044,59
Collateral received and items affecting collateral situation	50 167 615 711,82	47 941 694 529,38
Balance of collateral and guarantees	2 000 191 663,82	2 035 802 484,79
Receivables of Municipality Finance Plc derivatives guaranteed by the Municipal Guarantee Board from counterparties, net	21 123 532,00	7 939 759,00

NOTES

Euro	1.1.-31.12.2024	1.1.-31.12.2023
ALLOCATION OF FUNDING GUARANTEED BY THE MUNICIPAL GUARANTEE BOARD BY SECTOR		
Municipality Finance Plc		
Lending portfolio		
Municipalities	10 519 861 134,84	9 860 635 063,07
Local government regional authorities	709 024 975,00	647 090 064,00
Housing companies owned by municipalities	7 483 436 367,23	7 186 170 937,23
Non-profit housing communities	8 977 559 014,10	7 746 315 042,18
Municipal companies	3 671 464 086,16	3 241 128 121,92
Wellbeing services counties and joint county authorities for wellbeing services	2 856 285 405,00	2 809 772 406,41
Lending portfolio total	34 217 630 982,33	31 491 111 634,81
- interest subsidy loans	15 276 301 589,72	13 458 607 676,38
Leasing targets	1 567 495 978,11	1 453 966 653,69
Short-term customer financing	1 884 977 243,00	1 582 679 000,00
Assets related to maintaining liquidity	10 497 319 844,56	11 378 134 756,09
Guarantee stock total	48 167 424 048,00	45 905 892 044,59

SIGNATURES

Helsinki, 4 February 2025

MUNICIPAL GUARANTEE BOARD

Tapani Hellstén
Chair

Antti Häkkänen
Deputy Chair

Kai Järvikare
Member

Mervi Simoska
Member

Jaakko Stenhäll
Member

Marita Toikka
Member

Päivi Yli-Kauhaluoma-Nurmi
Member

Heikki Niemeläinen
Managing Director

AUDITOR'S NOTE

Our auditors' report has been issued today.

Helsinki, 4 February 2025
KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, KHT

To the Council of the Municipal Guarantee Board

AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the Municipal Guarantee Board (business identity code 1075583-7) for the year ended 31 December, 2024. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the Guarantee Board's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Guarantee Board in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the Guarantee Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the Guarantee Board or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

AUDITOR'S REPORT

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Guarantee Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Guarantee Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Guarantee Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER REPORTING REQUIREMENTS

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 4 February 2025

KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, KHT

GUARANTEES



Photo Tyyne Aho

Million Euro

MUNICIPALITY FINANCE PLC

	Guarantee limits	Guarantees in use 31.12.2024
EMTN Programme	50 000 000 000,0	41 611 717 246,19
AUD 2 billion Programme	1 192 463 629,9	350 308 657,42
Euro Commercial Paper Programme	10 000 000 000,0	3 421 646 695,82
Other domestic and foreign funding	6 500 000 000,0	2 783 751 448,57
Total	67 692 463 629,9	48 167 424 048,00
Receivables of Municipality Finance Plc derivatives guaranteed by the Municipal Guarantee Board from counterparties, net.	Max. 4 %	21 123 532,0 0,043 %
Total		48 188 547 580,00



Photo Lydia Florin

BOARD OF DIRECTORS AND COUNCIL



Photo Visi Korsström

BOARD OF DIRECTORS 17.2.2022-31.12.2025

Tapani Hellstén, Chair

Antti Häkkänen, Deputy Chair

Kai Järvikare

Mervi Simoska

Jaakko Stenhäll

Marita Toikka

Päivi Yli-Kauhaluoma-Nurmi



Photo Jakob Ljungqvist

COUNCIL 1.1.2022-31.12.2025

CHAIR

Terhi Peltokorpi

1.ST DEPUTY CHAIR

Elin Härmälä

2.ND DEPUTY CHAIR

Jari Koskinen

MEMBERS

Mari Mikkola

Janne Sankelo

Pia Pakarinen (member as of 22 March 2024)

Eero Vainio

Ritva Suomalainen

Mikko Kärrnä

Mira Nieminen

Urpo Myllymäki

Paula Himanen

Ville Härmäläinen

Johanna Jokinen

Fredrik Guseff

ALTERNATE

Arto Nykänen

Reijo Vuorento

Jari Andersson

ALTERNATE

Kati-Erika Timperi

Niilo Heinonen

Tinja Tähtinen

Petra Määttänen

Markku Harju

Henna Takatalo

Merja Nevalainen

Ari Kaunisaho

Susanna Suoniemi

Sakari Kouti

Pekka Heikkinen

Maria Grundström

| KUNTIEN TAKAUSKESKUS | KOMMUNERNAS GARANTICENTRAL | MUNICIPAL GUARANTEE BOARD |

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